

## **State Medicare Plan Options Briefing Document – April 25, 2022 SEBC**

### ***What did the SEBC approve at the February 28, 2022 Meeting?***

The SEBC approved moving the Medicare pensioners to the Highmark Delaware Medicare Advantage Plan effective January 1, 2023. The Medicare Advantage Plan would replace the current Highmark Special Medicfill Medicare Supplement Plan in place through December 31, 2022.

### ***What did the SEBC approve at the March 14, 2022 Meeting?***

The SEBC approved rates for the following Medicare pensioner plan options effective January 1, 2023:

- Highmark Delaware Medicare Advantage with CVS/Silverscript Prescription Coverage – monthly premium \$216.18
- Highmark Delaware Medicare Advantage without Prescription Coverage – monthly premium \$0

These two plan options were proposed to replace the following plan options currently in place through December 31, 2022:

- Highmark Delaware Special Medicfill Medicare Supplement with CVS/Silverscript Prescription Coverage - monthly premium \$459.38
- Highmark Delaware Special Medicfill Medicare Supplement without Prescription Coverage – monthly premium \$260.44

### ***What is the SEBC being asked with regards to the votes made at the February 28 and March 14, 2022 meetings?***

The SEBC is being asked to consider no longer offering a Medicare pensioner plan without prescription coverage.

### ***How many eligible State pensioners are currently enrolled in the Special Medicfill with or without prescription coverage and how many have waived coverage entirely?***

Open reporting reflects:

- 27,526 state pensioners and spouses are enrolled in the Special Medicfill with prescription coverage.
- 689 State pensioners and spouses are enrolled in the Special Medicfill without prescription coverage.
- 5,089 State pensioners and spouses are eligible for State Medicare coverage but are not enrolled.

### ***What are the primary reasons why a state pensioner or spouse, eligible for State Medicare coverage, would not enroll in State Medicare coverage?***

- The pensioners or spouse is not enrolled in Medicare Part A and B as required.
- The pensioner or spouse is employed or retired from another employer (other than the State) that offers coverage.
- The pensioner or spouse is not eligible for 100% of State share and the current cost of the State Medicare coverage is unaffordable.
- The pensioner or spouse has opted to purchase another Medicare Part D prescription plan.

*Note: Currently, if a state pensioner or spouse enroll in another Medicare plan and are also enrolled in the State Medicare coverage, CMS coordination rules only impact enrollment in the State EGWP plan.*

**Research by the Statewide Benefits Office (SBO) and Office of Pensions (OPen) to support this request:**

- As far back as 2002, the State has continuously offered Medicare Supplement plans with the option of selection with or without prescription coverage. The prescription coverage offered was the same coverage offered to active employees and non-Medicare pensioners.
- Open Enrollment plan booklets indicated the Medicare Supplement without prescription coverage plan option to be available for pensioners and spouses with other Part D prescription coverage.
  - Rates for the option without prescription were significantly less.
  - The without prescription option gave flexibility to State pensioners and spouses to purchase less costly prescription coverage.
  - There were no issues with CMS coordination with the State prescription coverage.
  - The without prescription option was appealing for State pensioners or spouses not receiving 100% of state share for their State Medicare coverage.
- Effective January 1, 2013, the State moved Medicare pensioners selecting the State's prescription coverage plan option to a Medicare Part D Employer Group Waiver plan (EGWP).
  - The EGWP plan allowed the State to obtain significantly more federal funding to offset current Medicare pensioner prescription expenses and reduce the State's unfunded Medicare retiree healthcare liability (aka OPEB).
  - State Medicare pensioners could no longer enroll in the State Medicare Supplement with prescription coverage and also be enrolled in another Medicare Advantage or Medicare Part D prescription plan. CMS rules prohibit enrollment in more than one Medicare plan.
  - During this time the Medicare marketplace was growing and expanding; many employers were moving away from offering any Medicare retiree benefits and directing former employees to purchase Medicare plans in the group and individual marketplace.
  - OPen saw an increase in pensioner coordination of benefits issues due to lack of understanding of various options available and CMS rules regarding Medicare options.
- When the State moves to the Medicare Advantage plan on January 1, 2023, the State for the first time, will offer only Medicare medical and prescription coverage to State pensioners and spouses.
  - Enrollment in any other Medicare medical and/or prescription coverage will impact enrollment in the State Medicare Advantage and Medicare Part D EGWP.
- Medicare pensioners are overwhelmed with marketing and information offering Medicare coverage. OPen expends considerable time and resources in advising State pensioners that they do not need to enroll in any other Medicare coverage, they should only enroll in the State Medicare coverage and in sorting out and correcting inadvertent enrollment and disenrollment caused by pensioners enrolling in multiple Medicare coverages.
- Most State pensioners continue to pay \$0 for their Medicare coverage. Only pensioners who retired on or after July 1, 2012, pay a 5% pensioner contribution. Additionally, there are 1,507 Medicare pensioners enrolled and responsible for a portion of state share.
- OPen cannot quantify but believes there are a significant number of State pensioners and spouses enrolled in the State Medicare coverage without prescription simply because there is no cost to the pensioner; however, they are not actually using the benefit.
  - Using the IBM Watson database, SBO will provide the average per member per month medical costs for pensioners and spouses enrolled in the two current plan options for the last 3 plan years. This information will be presented at the April 25, 2022 SEBC meeting.

- OPen pays to the GHIP, monthly premiums for pensioners enrolled in the State Special Medicfill plan with or without prescription, regardless of whether the pensioner actually uses the benefit. OPen projects to pay \$1.9M to the GHIP in FY22 for the 689 pensioners enrolled in the Special Medicfill without prescription plan.
- OPen and SBO predict that the significant reduction in the State Medicare plan rates effective January 1, 2023, will prompt State pensioners and spouses:
  - who are not currently enrolled or who are only enrolled in the Special Medicfill without prescription coverage to enroll in the State Medicare Advantage with prescription plan.
  - to consider choosing the State Medicare Advantage plan without prescription option if they have had a negative experience with the State transition of the Medicare Part D EGWP plan to CVS/Silverscript.
- Reducing the State Medicare plan options to only the Medicare Advantage plan with prescription coverage will reduce the State pensioner or spouse enrollment options through the State which will enable OPen to focus resources on:
  - Researching CMS reporting detailing State pensioners and spouses who have been disenrolled in the State Medicare coverage due to other Medicare coverage.
  - Outreaching to State pensioners and spouses who opt out of the State Medicare coverage to verify their understanding of the implications, confirm their intent to maintain other Medicare coverage or correct inadvertent disenrollment from the State Medicare coverage.

***Next Steps:***

- SBO requests input and questions from the SEBC related to the request to consider no longer offering a Medicare pensioner plan without prescription coverage effective January 1, 2023.
- The State Medicare Open Enrollment for the January 1, 2023 plan year has been tentatively set for October 3 – 24, 2022.
  - CMS requires a 21-day minimum enrollment period.
  - OPen will proactively work with Highmark, CVS/Silverscript and eligible State Medicare pensioners between the end of Open Enrollment and the plan year start date to address and correct errors in enrollment/disenrollment in State or other Medicare coverage.